

# Fake Money, Bougainville Politics and International Scammers



Australian  
National  
University

JOHN COX

IN BRIEF 2014/7

On Saturday 16 February 2014, Barry Webb, an American citizen, was detained as he entered Port Moresby from the Philippines. He was travelling to Bougainville to deliver a briefcase full of newly minted 'Bougainville kina' or 'BVK'. This pseudo-currency is not legal tender in Bougainville (or anywhere else). Rather, the Bougainville kina is the creation of the U-Vistract scam, an elaborate Ponzi scheme (Cox 2013). When questioned by Papua New Guinea authorities, Webb claimed to represent the 'International Organisation for Economic Development' ('IOED'), a fictitious organisation with a name clearly intended to recall the OECD (Organisation for Economic Co-operation and Development). Webb produced a letter from the founder of U-Vistract, Noah Musingku, who now represents himself as 'King David Pei II' of the 'Royal Kingdom of Papala', a pseudo-state based in south Bougainville. According to the letter, Webb had been appointed as the Kingdom of Papala's 'Minister for International Monetary Relations' (*Post-Courier* 2014).

These events might be simply dismissed as another weird 'cargo cult' story to come out of Papua New Guinea. However, they have a much broader political significance for Bougainvilleans and for Papua New Guinea as a nation. I have written elsewhere (Cox 2013) about why Musingku's pseudo-state might make sense to Papua New Guineans disillusioned with the progress of development and looking for a Christian alternative to a national government they perceive as hopelessly corrupt. In this *In Brief*, I will sketch out some of the background to the story of the briefcase full of fake money and analyse the implications of the persistence of Musingku's scam for Bougainville politics and the possible involvement of international money-laundering networks.

U-Vistract was the largest of several 'fast money schemes' that gripped the imagination of Port Moresby in 1999. These Ponzi scams promised 100 per cent monthly returns and paid early investors, who were often prominent members of the community, including business, political

and religious leaders. These payments to high-profile people provided 'evidence' that the scams 'really worked' and were effective at drawing in thousands of ordinary investors, who never saw their money again. As with Ponzi scams elsewhere, the Papua New Guinea fast money schemes used existing social networks. In the case of U-Vistract, this included the Bougainvillean community, particularly educated Bougainvilleans living in Port Moresby, as well as churches, especially the large urban Pentecostal churches (Cox 2013).

U-Vistract was declared bankrupt in 2000 and a warrant for Musingku's arrest is still current. However, while the scam has not made any payments to investors since the heady days of 1999, its leaders have managed to evade capture by shifting jurisdiction. In 2003, Musingku fled to Solomon Islands and tried to swindle money from the national government there under the guise of the 'Royal Assembly of Nations and Kingdoms', a fictional alternative to the United Nations. This deal fell through and in 2003 Musingku returned to Bougainville, where he worked with the separatist leader Francis Ona. His influence on Ona led to their joint coronation as Kings of the Twin Kingdoms of Meëkamui (Ona) and Papala (Musingku). Before Ona died in 2005 he had become disillusioned with Musingku and the relationship dissolved. Without Ona's protection, Musingku feared for his life and recruited a number of Fijian mercenaries to train his own militia (Regan 2010).

Musingku survived an attack on his camp in 2006 and remains a destabilising influence in Bougainville. It seems that his best chance of being pardoned is to make himself into a player within the ongoing Bougainville peace process. To date this has involved being a constant 'spoiler' of the Autonomous Bougainville Government's efforts to bring services into Siwai District (Regan 2010). Musingku's brother has been recently reported as participating in local reconciliation activities in Siwai (Masiu 2014).

Musingku launched the Bougainville kina in 2009, drawing international media attention

as it was rumoured that the BVK50 note was imprinted with the image of Christ. U-Vistract has continued to promote the Bougainville kina, prompting the Bank of Papua New Guinea to warn in December 2013 that the 'currency' was illegal. The Autonomous Bougainville Government has denounced Musingku on many occasions and recently reaffirmed that the Papua New Guinea kina was the only valid currency in Bougainville.

Webb's arrest in Port Moresby raises the question of what international connections the U-Vistract scam might have. Webb appears to have a criminal record in the United States and is closely associated with the shady Frank Mezas, who has attempted to defraud Native Americans while posing as a representative of UNESCO. Mezas apparently runs the 'International Organisation for Economic Development' website and a number of other fake companies.

Van Fossen (2002) has described a similar scam network, based around a pseudo-state, the 'Kingdom of Melchizedek'. This elaborate scam was run by the convicted swindler Mark Pedley. Pedley targeted separatist groups in the Pacific and used their aspirations for sovereignty to reinforce Melchizedek's claims. Pedley invented more than 300 fake banks, with names that recall the World Bank and other international lenders. In 2000, he entered Fiji on a Kingdom of Melchizedek 'diplomatic passport'. Melchizedek offers close parallels to Mezas and his associate Webb, not to mention the home-grown Bougainvillean conman Musingku.

Several dubious foreigners have visited U-Vistract's Bougainville headquarters. They usually appear in U-Vistract propaganda with royal titles or other official-sounding terms, such as 'governor'. Barry Webb seems to be the latest of these. These foreigners may represent broader international criminal networks that have used U-Vistract to defraud people in the United States and possibly other countries.

It is likely that these international connections are interested in the gold produced by small-scale miners in south Bougainville. Musingku certainly buys and sells this gold, which may give some plausibility, at least among some Bougainvilleans, to his claims that the 'U-Vistract monetary system'

and the Bougainville kina are backed by gold resources. Musingku has been involved in conflicts over small-scale gold mining between local armed groups (Regan 2010).

There are other local impacts of the Bougainville kina scam. U-Vistract agents are taking 'deposits' of Papua New Guinea kina and giving Bougainville kina in exchange as if it were legal tender. This is already having an impact on small businesses in south Bougainville (Toreas 2014).

Musingku's operations are more serious than they may at first appear and should not be dismissed as an out-of-the-way 'cargo cult'. Musingku is an active threat to political stability in Bougainville, particularly in the south. U-Vistract's networks extend across the whole island and are still active around the rest of Papua New Guinea, illegally taking deposits from people and undermining the nation's financial systems. The arrest of Barry Webb in Port Moresby indicates that Musingku is also connected to international criminal networks that we currently know very little about. These networks may also be operating in other Pacific countries. Tracing these connections and bringing global fraudsters to justice is an ongoing challenge for law enforcement agencies in Papua New Guinea, Australia and beyond.

### Author Notes

*John Cox is a research fellow with SSGM. His doctoral research explored the involvement of middle-class Papua New Guineans in 'fast money schemes'.*

### References

- Cox, J. 2013. The Magic of Money and the Magic of the State: Fast Money Schemes in Papua New Guinea. *Oceania* 83(3):175–91.
- Masiu, R. 2014. Siwai Chiefs Begin Peace Process. *Post-Courier* 5/3/2014, p. 22.
- Post-Courier* 2014. American National Held with 1.6 Million in 'Illegal' Currency. *Post-Courier* 17/2/2014, p. 1.
- Regan, A.J. 2010. *Light Intervention: Lessons from Bougainville*. Washington: United States Institute of Peace Press.
- Toreas, W. 2014. Police Chief Tells Musingku Not to Mislead Public. *Post-Courier* 5/3/2014, p. 13.
- Van Fossen, A. 2002. Financial Frauds and Pseudo-States in the Pacific Islands. *Crime, Law and Social Change* 37:357–78.

